



# Bank Notes

## A Newsletter for Michigan Lenders

May 7, 2007

Issue 143

Dear Lender:

About three years ago, the Small Business Administration centralized its liquidation and guaranty purchase functions for 7 (a) guaranteed loans in the National Guaranty Purchase Center in Herndon, Virginia.

The Center has been diligently working to improve its processes and procedures to better serve you. However, it continues to experience difficulties with the quality of many of the purchase packages it receives.

We want to work together with you to help improve the purchase packages and ultimately the timeliness with which SBA can honor our guaranty and make payment to you. Therefore, we have partnered with the Center to provide you both with the tools you need and with training pertaining to guaranty purchases as well as the newly revised liquidation regulations. ReadyTalk training sessions (via telephone conference call and simultaneously via the Web) have been scheduled as follows:

May 8, 2007	Lenders in SBA Regions 1, 2, and 3
May 15, 2007	Lenders in SBA Regions 4, and 5
May 17, 2007	Lenders in SBA Regions 6, 7, and 8
May 22, 2007	Lenders in SBA Regions 9 and 10

Time: 2:00 to 4:00 PM (Eastern)

Conference phone number: 1-866-740-1260

Web address: [www.readytalk.com](http://www.readytalk.com)

Access code for both: 4879293 #

Michigan is in Region V. To avoid background noise during the training, we request that you mute your phones. Of course, if you would like to ask a question during the training, you may un-mute your phone.

Please also read the attached letter from the Center's Director, Richard Blewett. We look forward to working with you and hope you will be able to participate in this training.

Sincerely,

Michigan District Director



### Letter from Herndon National Guaranty Purchase Center

#### To Our Lending Partners

The biggest challenge faced by the National Guaranty Purchase Center (NGPC) is the lack of sufficient documentation to enable the SBA to purchase the guaranty. Just as each Loan Authorization is tailored to the specific loan purpose, so too is the documentation needed to analyze and authorize the honoring of the guaranty.

Over the two years that the NGPC has been processing guaranty purchases, our rejection rate for purchase packages has remained around 75-80%. Within this range are packages that may need just one or two items while others provide only a Demand letter and Wiring Instructions. In every case it is necessary for SBA staff to contact the lender by phone, fax or email and request additional documentation. This process has slowed down the overall processing times for ALL packages submitted for purchase.

Recently, the NGPC has reevaluated the entire guaranty purchase process and has made major improvements in its procedures. Briefly, the Center will have processing teams that will be focused on those packages that are essentially complete upon arrival. Those that cannot be immediately assigned to the processing teams will be returned with instructions to allow for them to be reassembled.

In an effort to make this transition as easy as possible, the NGPC has rethought the basic procedures for purchase package assembly. In addition to the standard checklist (<http://www.sba.gov/banking/ngpc/Docs/ChecklistNEWFORMATTED.doc>) outlining the items required for purchase, the SBA has developed self-guided tabs (<http://www.sba.gov/banking/ngpc/forms.html>) to make the compilation of documents much easier. The Checklist and Tabs will be available on the NGPC

Web site (<http://www.sba.gov/banking/ngpc/>) and through our district offices. In addition, if the Tabs are viewed on the Web site, they will contain links to the Forms library (<http://www.sba.gov/banking/ngpc/forms.html>) which contains copies of all forms needed in the guaranty purchase process. In addition, the Web site will maintain a detailed Tutorial ([http://www.sba.gov/banking/ngpc\\_presentation/ngpc\\_presentation\\_files/fullscreen.html](http://www.sba.gov/banking/ngpc_presentation/ngpc_presentation_files/fullscreen.html)) with voice-over-sound that will explain the documents that may be required to complete the guaranty purchase process.

Over the next 30 days, the SBA will be sending emails to approximately 15,000 lending partners outlining the new procedures being put into place at the NGPC. In addition, training materials will be distributed to our district office personnel so they can also assist with the transition and be an additional resource to the 7(a) lending community. The NGPC Web site will also contain links to the new Tabs as well as the Checklist and the Tutorial. All these steps are being taken to dramatically improve the customer service offered by the NGPC as well as to decrease the time required to process and approve guaranty purchase requests.

We thank you in advance for your cooperation and promise to continue to strive to meet your expectations.

Richard C. Blewett  
Center Director

### Guaranty Purchase Packages

Below is a list of the most frequent reasons that guaranty purchase packages cannot be processed timely by the National Guaranty Purchase Center. This list is current as of April 27, 2007.

1. Inaccurate or incomplete "transcript of accounts;"
2. Settlement Sheets (SBA Form 1050) missing or not provided;
3. Inadequate documentation to support "use of proceeds" and missing or inadequate evidence of "equity injection;"
4. Lack of evidence of IRS tax verification; and
5. Lack of "reports on sale of collateral" and lack of "UCC lien searches" to verify proper lien position.

